



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 27, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Albany Bank and Trust Company, National Association
Charter Number: 14688

3400 West Lawrence Avenue
Chicago, IL 60625-0000

Office of the Comptroller of the Currency

CHICAGO NORTH Field Office
1700 East Golf Road Suite 800
Schaumburg, IL. 60515

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting Albany Bank & Trust Company, NA's (Albany Bank) rating include:

- The loan-to-deposit ratio is excellent given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of loans are in the bank's AA.
- The bank's overall lending performance is good, primarily attributable to the excellent geographic distribution of the bank's HMDA in particular the multi-family lending.
- The high level of Community Development Lending demonstrates excellent responsiveness to the community development needs of the AA.
- Retail services are readily accessible to individuals of various income levels within the bank's AA.

Scope of Examination

Evaluation Period/Products Evaluated

This Community Reinvestment Act (CRA) examination covers the bank's lending performance from January 2006 through December 2008. In addition the bank's community development activities from January 2006 through September 2009 were analyzed.

While Albany Bank is primarily a commercial lender, for the scope of this CRA examination an assessment of the bank's Home Mortgage Disclosure Act (HMDA) loan types and community development loans was performed. The loan data was captured on bank reports that were validated during our examination. Errors noted during our data integrity review were readily corrected by the bank. All data used within this public evaluation was verified as being accurate and qualified per CRA parameters.

The bank does not have any affiliates other than its one bank holding company, Albank Corporation. Our analysis included 100% of the HMDA reported and community development loans originated or purchased by Albany during the performance periods noted above.

We used deposit information, reported to the Federal Deposit Insurance Corporation, to determine the bank's deposit market share and market presence within its AA. The deposit information used was as of June 30, 2008.

Description of Institution

Albany Bank is a community bank established in the Albany Park neighborhood of Chicago, Illinois. The bank is an intrastate bank with total assets of \$513 million as of December 31, 2008. In addition to the main office the bank has two other offices in the City of Chicago and one office in the close north suburb of Skokie, Illinois. The bank is a wholly owned subsidiary of Albank Corporation, a one-bank holding company. The holding company does not have any significant assets other than the bank. The bank does not have any other affiliated organizations.

Albany Bank is a full service bank offering a variety of loan and deposit products. Tier 1 capital as of December 2008 equaled \$69.6 million or 13.6% of total assets. The bank's primary lending focus is commercial lending with a special lending niche of multi-family real estate loans. As of December 31, 2008, the bank reported net loans of \$421 million 82% of total assets or 97% of total deposits. The bank's loan portfolio is comprised of approximately 41% commercial real estate, 21% multi-family mortgages, 18% commercial or industrial loans, 14% real estate construction and development, 5% 1-4 family residential, and 1% loans to individuals.

Albany Bank has the financial capacity to assist in meeting the credit needs of its AA. There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs of its assessment area.

The last performance evaluation under the Community Reinvestment Act was dated January 5, 2005. The bank was evaluated under the Large Bank performance standards. Albany Bank's overall performance was rated "Satisfactory". This performance evaluation is being conducted under the Intermediate Small Bank performance standards.

Description of Assessment Area

Albany Bank has delineated their AA as a portion of Cook County Illinois. Cook County Illinois is part of a Metropolitan Division (MD) of the Chicago Metropolitan Statistical Area (MSA). The AA meets the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The AA consists of two hundred and eighty-two census tracts. There are 17 (6.03%) low-income census tracts and 97 (34.40%) moderate-income census tracts. Middle-income census tracts make up 33.33% of the bank's AA and upper-income census tracts are the remaining 26.24%. There are 27.42% low-income households and 19.12% moderate-income households, 26.07% low income families and 20.10% moderate income families. About eleven and a half percent of the AA's households are below the poverty level. Previously the local economic climate was declining but currently it is described as being stable.

Competition among financial institutions in the AA is strong. Albany Bank competes with several large national and regional banks and other community based financial institutions that are well established throughout their delineated community. According to the Federal Deposit Insurance Corporation's June 30, 2008 deposit market share report, Albany Bank ranks 49th out of 180 financial institutions in Cook County with a deposit market share of 0.24%.

During this evaluation we conducted one community contact and reviewed two previously recorded community contacts to assess credit needs and economic conditions within the bank's delineated area. The following credit programs were identified as being needed within the local area: affordable housing and small business lending. The community contacts stated that the financial institutions in the area have done a good job in getting involved with and supporting local community service organizations. Albany Bank's overall CRA assistance in regards to not only funding credit referrals but their willingness to contribute time and expertise was especially noted.

Conclusions with Respect to Performance Tests

LENDING TEST

The lending test is rated: Satisfactory.

Loan-to-Deposit Ratio

Albany Bank's quarterly average loan-to-deposit ratio is excellent given the bank's size, financial condition, and AA credit needs. Albany Bank's quarterly average loan-to-deposit ratio for the evaluation period from January, 2006 through December, 2008 was 93.20%. The loan to deposit ratio as of December, 2008 was 97.31%. The quarterly loan-to-deposit ratio for other similar financial institutions averaged at 88.36%, and the December, 2008 loan to deposit ratio of Albany Bank's peer group was 89.29%.

Lending in Assessment Area

Albany Bank's record of lending within its AA is good as a majority of the bank's loans assessed during our examination were originated inside the delineated AA. See the breakdown by loan type, number and amount of loans in Table 1.

Table 1 – Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA	62	63.27	36	36.73	98	61,537	79.64	15,735	20.36	77,272

Source: Data reported under HMDA and validated by loan listings provided by the bank.

*HMDA loans consists of home purchase, home improvement, and home refinancing loans reported by the bank under the Home Mortgage Disclosure Act.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Analysis of the bank’s distribution to low- and moderate-income borrowers was performed. During the three year review period of HMDA reported loans, 40 of the 62 originations inside the bank’s assessment area were secured by multi-family residences and no income data is reported for multi-family loans. Of the remaining 22 originations, 13 had no income reported as those loans were not made to a natural person rather the loans were originated to commercial entities or land trusts. Of the nine HMDA loans with reportable income seven originations were to upper-income borrowers and two were to middle-income borrowers.

As the bank is primarily a commercial lender we reviewed recent new commercial loan reports to gauge the bank’s lending performance to small businesses. We analyzed the bank’s performance by using loan size as a proxy for revenue information. We found only 15% of the commercial loans originated to be greater than \$1 million, 46% were less than \$100,000 and 38% were between \$100,000 and \$500,000. This performance is consistent with the bank’s previous distribution of small business lending when the bank was required to collect and report their CRA data. Current demographic data shows that 69% of the businesses in the bank’s assessment area have revenue equal to or less than \$1 million.

Overall the bank’s borrower distribution of loans is adequate.

Geographic Distribution of Loans

The bank’s distribution of loans reflects excellent dispersion throughout the AA. The percentage of loans extended for purchase and refinance purposes exceeded the ratio of owner occupied housing units in both low- and moderate-income areas. Distribution of home improvement loans was not performed as only four home improvement loans were reported during the entire evaluation period. Please refer to Table 2 below.

Table 2 - Geographic Distribution of HMDA Loans								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Units	% of Number of Loans	% of AA Owner Occupied Units	% of Number of Loans	% of AA Owner Occupied Units	% of Number of Loans	% of AA Owner Occupied Units	% of Number of Loans
Home Purchase	1.65	7.14	29.66	57.14	41.92	21.43	26.77	14.29
Refinance	1.65	3.13	29.66	50.00	41.92	37.50	26.77	9.37

Source: HMDA data and U.S. Census data.

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated: **Satisfactory.**

Number and Amount of Community Development Loans

Albany Bank’s community development lending performance demonstrates excellent responsiveness to the community development loan needs of the assessment area. The bank has established a specialized lending niche for multi-family loans many of which meet the community development need for affordable housing in and around the bank’s AA.

The bank reported 25 multi-family loans inside its AA on its HMDA reports during the review period totaling \$36 million that qualify as community development loans. Twenty three non-HMDA reportable extensions of existing multi-family community development loans totaling \$34.6 million were also granted during the evaluation period. Another 30 non-HMDA reportable multi-family loans totaling \$58.4 million were originated during the evaluation period. These loans consisted primarily of short term rehabilitation or construction loans secured by multi-family affordable housing unit properties. Additionally, 12 qualified community development loans totaling \$2.8 million were extended to community organizations within the bank’s AA.

The bank also extended 31 multi-family community development loans outside the assessment area, totaling \$21.8 million as well as 2 loans totaling \$4.8 million to community development organizations outside the assessment area. These qualified loans contributed favorably to the bank’s overall performance during this evaluation as the bank has adequately met community development lending needs within its AA.

Number and Amount of Qualified Investments

The bank's level of qualified community development investments is limited. The bank has made grants or contributions to 53 community organizations for a total investment of \$298,000 or 0.39% of Tier 1 capital. These grants and contributions helped to support community service organizations providing assistance to low- and moderate-income persons with youth programs, food pantries, medical care and wellness assistance programs, and small business with economic and business development programs.

Extent to Which the Bank Provides Community Development Services

Albany Bank's retail services are reasonably accessible to all individuals within the AA. The bank has three branches in addition to the main office. The main office is located in a moderate-income census tract, the bank's other offices are located in middle-income census tracts but are in close proximity to the AA's low- and moderate-income areas. There are three ATMs at the main office and an ATM at each branch office and there are two additional bank ATMs located within the bank's assessment area.

All office locations offer a full array of products and services. The bank offers automatic bill payment, direct deposit, discount brokerage services, low cost checking attached to ATM cards, and no cost checking is available to senior citizens. Remote deposit capture is available to commercial clients. A credit builder loan product has been established by the bank and during the evaluation period 19 loans were originated for a total \$92,500.

Customers may also sign up for internet banking services, banking by mail, and telephone banking. Hours of operation are reasonable and include extended evening and weekend hours, including 24 hour access to ATMs and night depository at all locations.

Bank management actively seeks out opportunities to participate in community development services. Services provided during the evaluation period included organizations that primarily address community social services targeted to low- and moderate-income clients and small business development organizations.

Responsiveness to Community Development Needs

Overall Albany Bank's community development activities during the review period demonstrate good responsiveness to the community development needs of the AA.

The bank's community development lending activity addresses the critical need for affordable housing within the bank's AA. Community development investments and

services primarily contributes additional funding and assistance to various community organizations that provide needed community services to the low- and moderate-income persons within the AA.

Responses to Complaints

The bank has an appropriate process in place to respond to complaints. Albany Bank has not received any written comments or complaints regarding its CRA performance in regards to its efforts to help meet the credit needs of their delineated AA. The bank's regulatory agency nor its supervisory office have received any written comments or complaints concerning the bank's CRA efforts.

Fair Lending or Other Illegal Credit Practices Review

Albany Bank has a good history of compliance with applicable fair lending laws and regulations. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.